



**APPROVED**

**By resolution of  
the general meeting of shareholders of  
Pharmstandard, Public Joint Stock Company  
(minutes No. \_\_\_\_ dated \_\_\_\_\_, 2008)**

**STATUTE ON  
MANAGEMENT BOARD OF  
PUBLIC JOINT STOCK COMPANY  
PHARMSTANDARD  
(Unofficial translation)**

Moscow Region  
Dolgoprudny town

2008

## **1. GENERAL PROVISIONS**

1.1. This Statute is an internal document of Pharmstandard, Public Joint Stock Company (hereinafter referred to as "Company") regulating formation of the Management Board, term and procedure of calling and holding meetings of the Management Board and procedure for adoption of resolutions by the Management Board.

1.2. The Statute is elaborated in compliance with the Civil Code of the Russian Federation, Federal Law "Joint-Stock Companies", other legal acts of the Russian Federation and the Articles of Association of the Company.

1.3. The Management Board of the Company is a collegial executive body and it performs its activities in the interests of Company shareholders, it is governed by resolutions of the general meeting of shareholders and the Board of Directors of the Company, the Laws of the Russian Federation, the Articles of Association of the Company, other internal documents of the Company and this Statute.

1.4. The Management Board is responsible for achievement of objectives, implementation of development strategies and policies of the Company and performs management of day-to-day operations of the Company within its competence determined by the Articles of Association of the Company, resolutions of the general meeting of shareholders and the Board of Directors of the Company.

The main objectives of the Management board of the Company are to:

- ensure observance of rights and legitimate interests of Company shareholders;
- prepare proposals on Company development strategy;
- implement financial and economic policies of the Company, find solutions of vital question related to day-to-day operations of the Company and coordinate work of Company departments;
- increase efficiency of internal risk control and monitoring system;
- ensure high level of return on Company assets and maximum profit from the business of the Company;

1.5. The following questions are within the competence of the Management board of the Company:

- 1) endorsement of draft annual reports on financial and economic activities of the Company, balance, profit and loss accounts and profit distribution proposals;
- 2) endorsement of feasibility analysis of investment projects of the Company and business plans submitted for approval to the Board of Directors of the Company;
- 3) approval of transactions of the Company in case the amount of the transaction (associated transactions) is 100,000,000 (One hundred million) Rubles or more. This provision shall not apply to transactions with associated (affiliated) companies. A transaction can be approved by the Management Board in accordance with these Articles both preliminary and at any time afterwards;
- 4) other questions submitted to the Management Board by the General Director or the Board of Directors of the Company.

## **2. FORMATION PROCEDURE**

2.1. Members of the Management Board are elected and displaced by resolutions of the Board of Directors of the Company.

2.2. Candidates to the Management Board are proposed by the General Director and approved by the Board of Directors, the number of candidates shall be equal to the number of members of the Management Board determined by the Articles of Association apart from the candidate of the General Director himself/herself.

The Board of Directors of the Company is entitled to approve candidates proposed by a member (members) of the Board of Directors of the Company in case the Board of Directors rejects all candidates proposed by the General Director.

2.3. A candidate is considered elected to the Management Board in case majority of members of the Board of Directors participating in the meeting voted for him/her.

2.4. Employment contracts shall be concluded with the elected members of the Management Board.

The Chairman of the Board of Directors of the Company or a person authorized by the Board of Directors of the Company shall sign the employment contracts on behalf of the Company.

Terms and conditions of the employment contracts including term of appointment are determined by the Chairman of the Board of Directors of the Company or a person authorized by the Board of Directors to exercise rights and perform duties of employer on behalf of the Company. Rewards and remunerations of the members of the Management Board shall be fixed by the Board of Directors of the Company.

Employer's rights and liabilities to the members of the Management Board are exercised/discharged by the Chairman of the Board of Directors or a person authorized by the Board of Directors of the Company.

2.5. The Board of Directors is entitled to terminate powers of any of the members of the Management Board and terminate an employment contract with him/her at any time. This provision is an essential condition of the employment contracts concluded between the Company and the members of the Management Board.

2.6. Termination of powers of a member of the Management Board doesn't lead to dismissal of such member from the established post held by him/her in the Company.

2.7. Dismissal of a person from the established post held by him/her in the Company doesn't lead to termination of his/her powers as a member of the Management Board and termination of the respective employment contract.

2.8. If the number of members of the Management Board is less than the number determined by this Statute and the Articles of Association of the Company as quorum for holding meetings, the General Director shall recommend new candidates to the Management Board in replacement of the left ones.

2.9. A member of the Management Board is entitled to abnegate his/her powers by submitting an application to the Chairman of the Board of Directors of the Company in accordance with the Laws.

### **3. RIGHTS, OBLIGATIONS AND RESPONSIBILITIES OF MEMBERS OF THE MANAGEMENT BOARD**

#### **3.1. MEMBERS OF THE MANAGEMENT BOARD**

3.1.1. Rights and liabilities of members of the Management Board are determined by the Laws of the Russian Federation, the Articles of Association of the Company and employment contracts concluded between the members and the Company.

3.1.2. Members of the Management Board are entitled to:

1) resolve issues related to day-to-day operations of the Company acting as members of the collegial executive body of the Company;

2) obtain full information about activities of the Company, study reports, constituent, regulatory, accounting, contractual and other documents of the Company;

3) submit certificates, make statements and proposals in respect of agenda items at meetings of the Management Board;

4) make written proposals on development of work plans of the Management Board, agendas of meetings of the Management Board;

5) request convening of meetings of the Management Board of the Company;

6) express written disagreement with resolutions of the Management Board and bring it to the notice of the Board of Directors of the Company;

7) exercise other rights provided for by the Laws of the Russian Federation, the Articles of Association of the Company and employment contracts concluded between the members and the Company.

3.1.3. Members of the Management Board shall:

- participate in meetings of the Management Board of the Company;

- execute resolutions and instructions of the general meeting of shareholders, the Board of Directors and the Management Board, comply with the Articles of Association and internal documents of the Company;

- act in the interests of the Company, conscientiously and reasonably exercise their rights and perform their liabilities to the Company;

- provide the Company (in writing) with information about transactions with Company securities concluded by them and leading to transfer of rights of ownership to the Company securities. The information about the transactions shall be provided to the Company not less than five days prior to the expected date of transaction (signing of a contract).

The provided information shall contain the following:

• full name and title of a person (full business name and location of a legal entity);

• type of transaction (purchase, sale, granting, etc.);

• subject of transaction (including number, par value, type, state registration number of issue of securities; size and nominal value of a share in authorized capital of the company); and

• number of securities and equity stake of the involved person in the authorized capital after the change and fraction of ordinary shares owned by the involved person after the change;

- provide the Company (in writing) with the following information within 5 days from the date of transaction:

a) information about legal entities in which the member of the Management Board owns 20 or more percent of voting shares (equity stakes) independently or jointly with his/her/its affiliated person (persons);

b) information about legal entities in management bodies of which the member of the Management Board holds an office;

c) information about concluded or prospective transactions known to the member of the Management Board in case the member can be recognized as having a stake in such transaction.

- refrain from disclosing information containing official and commercial secrets of the Company.

3.1.4. A member of the Management Board of the Company can also be a member of management bodies of other organizations only with consent of the board of directors of the Company

3.1.5. Members of the Management Board are liable to the Company for losses incurred by the Company as a result of their guilty activity (omission) unless otherwise provided for by the Laws of the Russian Federation. Herewith those members of the Management Board who voted against the resolution resulted in losses or didn't participate in the voting shall not be liable for such losses.

### 3.2. CHAIRMAN OF THE MANAGEMENT BOARD

3.2.1. The General Director of the Company acts as the Chairman of the Management Board and organizes work of the Management Board.

3.2.2. The Chairman of the Management Board of the Company:

1) proposes candidates to the Management Board for approval by the Board of Directors of the Company;

2) calls meetings of the Management Board:

- sets dates, places and time of meetings of the Management Board,

- approves agendas of meetings,

- makes a list of persons invited to participate in discussion of certain agenda items of a meeting of the Management Board;

- makes a list of information (materials) provided to the members of the Management Board for the purpose of preparation for a meeting of the Management Board,

- determines form and content of voting bulletins (in case of absent voting),

3) presides at meetings of the Management Board;

4) signs minutes of meetings of the Management Board;

5) organizes work of the Management Board and ensures compliance with the Laws of the Russian Federation, the Articles of Association of the Company, and this Statute in the performance of Board's activities;

6) performs other acts provided for by this Statute.

### 4. SECRETARY OF THE MANAGEMENT BOARD

4.1. The Secretary of the Management Board ensures organizational and informational support of activities of the Management Board of the Company;

4.2. The Secretary is appointed from Company employees by the Chairman of the Management Board. The Chairman of the Management Board is entitled to appoint a new Secretary at any time.

Position of the Secretary of the Management Board may be included in the staff schedule of the Company;

4.3. The Secretary of the Management Board shall:

1) ensure preparation of materials to be considered at the meetings of the Management Board;

2) prepare a draft work plan of the Management Board not less than a month prior to the beginning of the planned quarter;

3) submit proposals on improvement of the Management Board work plan if required;

4) inform members of the Management Board about holding of meetings of the Board by giving notices, sending agendas and related materials;

5) communicate with the Secretary of the Board of Directors and secretaries of the Committees of the Board of Directors for the purpose of coordination of work of the Management Board, the Board of Directors and the Committees of the Board of Directors of the Company;

6) ensure organizational and maintenance support of meetings of the Management Board;

7) maintain a list of affairs of the Management Board;

8) maintain control over execution of resolutions of the Management Board and inform the Board about execution of the adopted resolution;

9) prepare draft documents and resolutions of the Management Board at request of the Chairman of the Management Board;

10) keep minutes of meetings of the Management Board;

11) inform members of the Management Board about voting results and adopted resolutions;

12) send extracts from minutes of meetings of the Management Board signed by him/her to executors of resolutions adopted by the Management Board.

The Secretary of the Management Board shall perform other acts provided for by this Statute.

4.4. The Secretary of the Management Board is responsible for accuracy of extracts from minutes of meetings of the Management Board and performance of other duties provided for by this Statute.

## **5. ORGANIZATION OF WORK OF THE MANAGEMENT BOARD**

5.1. Meetings of the Management Board shall be held in accordance with the Work plan and as required but not less than once in a month.

5.2. The Work plan of the Management Board includes the following:

- 1) questions to be considered at the meetings of the Management Board in the current year (quarterly);
- 2) schedule of meetings of the Management Board;
- 3) list of persons (management bodies of the Company) responsible for preparation of questions to be discussed at meetings of the Management Board.

5.3. The Chairman of the Management Board shall prepare the Work plan of the Management Board and submit it to the Management Board for consideration.

The Work plan shall be approved by majority of votes of the members of the Management Board participating in the voting on quarterly basis.

5.4. The Work plan shall be prepared with due account for resolutions of the General meeting of shareholders, the Board of Directors, the Audit committee, the Auditor, proposals of the General Director, members of the Management Board, managers of departments and services of the Company.

5.5. The approved Work plan can be amended and supplemented at suggestion of the Chairman and members of the Management Board. Such amendments and supplements shall be approved by the Management Board of the Company.

5.6. Meetings of the Management Board are called by the Chairman:

- according to the Work plan of the Management Board;
- on the initiative of the Chairman or a member of the Management Board;
- by the decision of the General meeting of shareholders, the Board of Directors, the Audit committee, the Auditor of the Company.

5.7. Agendas of meetings of the Management Board shall be based on the Work plan of the Management Board and resolutions of the General meeting of shareholders, the Board of Directors, the Audit committee, the Auditor of the Company, and proposals of the General Director and members of the Management Board.

5.8. Competence of the Management Board is determined by the Articles of Association of the Company.

5.9. The Management Board is entitled to carry out a preliminary consideration of questions referred to the competence of the Board of Directors, prepare recommendations on such questions and submit such recommendations to the Board of Directors with a view to ensure effective work of the Board of Directors and adoption of balanced and reasoned decisions by the Board of Directors.

5.10. After preliminary consideration of questions referred to the competence of the Board of Directors according to the approved Work plan of the Board of Directors or at the initiative of the General Director, recommendations of the Management Board on such questions shall be submitted to the Secretary of the Board of Directors not less than 3 (three) work days prior to the date of the meeting of the Board of Directors at which such questions will be discussed.

5.11. Meetings of the Management Board can be held by way of collective presence of Board members (meetings in presentia) or absent voting.

Visiting meetings of the Management Board can be held by order of the Chairman of the Management Board.

5.12. The Management Board is considered duly called in case not less than half of the elected members of the Management Board participate in the meeting (absent voting).

5.13. Resolutions are adopted by a simple majority of votes of the members of the Management Board participating in the meeting or absent voting.

5.14. Each member of the Management Board has one vote. Members of the Management Board can not transfer their votes to other members of the Management Board or any other persons.

The chairman of the Management Board has the casting vote in case of equality of votes.

5.15. In case a member of the Management Board present at a meeting doesn't agree with resolutions adopted on agenda items, such member is entitled to state his/her views on such agenda items in writing. Such written point of view shall be supplemented to the Minutes of the respective meeting of the Management Board.

## **6. CALLING AND HOLDING OF MEETINGS OF THE MANAGEMENT BOARD IN THE FORM OF COLLECTIVE PRESENCE**

6.1. Members of the Management Board shall be notified about a meeting of the Management Board (place, date, time and agenda of the meeting) in writing or orally 2 days prior to the date of the meeting.

6.2. A written notice of a meeting of the Management Board shall be prepared by the Secretary of the Management Board and signed by the Chairman.

All required materials (information) and draft resolutions on agenda items shall be sent to members of the Management Board together with a notice of a meeting.

6.3. Agenda items are discussed at meetings of the Management Board.

In exceptional cases questions not on the agenda can be discussed at meetings in presentia in case all present members of the Management Board have unanimously approved discussion of such questions and the quorum is present.

6.4. The Chairman or a person appointed by the Chairman in case of absence of the latter shall preside at meetings of the Management Board.

6.5. The Secretary of the Management Board determines whether quorum is present. The Chairman of the Management Board informs the present members about presence of quorum and announces the agenda of the meeting.

6.6. Agenda items shall be discussed in accordance with the following procedure:

1) report of a member of the Management Board (invited person) on an agenda item;

2) discussion of the agenda item;

3) proposals on draft resolution on the agenda item;

4) voting on the agenda item;

5) counting of votes, summarizing and announcement of preliminary results of the voting (taking into consideration written opinions of absent members).

In case of a meeting in presentia the Secretary of the Management Board shall read information about execution of earlier adopted resolutions.

6.7. The Secretary of the Management Board shall prepare minutes of the meeting in accordance with the procedure established by this Statute.

## **7. ADOPTION OF RESOLUTIONS BY ABSENT VOTING**

7.1. A resolution of the Management Board can be adopted by absent voting.

7.2. A notice of absent voting, materials (information) and draft resolutions on agenda items shall be sent to members of the Management Board not less than 3 (three) days prior to expiration of bulletins acceptance period.

7.3. A notice of absent voting shall contain:

- full business name and location of the Company;

- agenda of the meeting of the Management Board;

- a note that the voting shall be performed by filling in voting bulletins;

- date and time of expiration of bulletins acceptance period;

- a list of information (materials) provided to members for the purpose of preparation for the voting.

7.4. Members of the Management Board are entitled to submit their suggestions and (or) comments on proposed draft resolutions on agenda items put to absent voting not less than 2 (two) work days prior to expiration of the bulletins acceptance period given in the notice of absent voting.

7.5. The Secretary of the Management Board prepares voting bulletins with due account for received suggestions and (or) comments on proposed draft resolutions on agenda items, in the form given in the [Supplement](#) hereto. In case a member of the Management Board amends draft resolutions on agenda items, the Secretary of the Management Board shall include in the voting bulletin all draft resolutions on agenda items proposed by such member.

7.6. The Secretary of the Management Board shall send voting bulletins (originals or facsimile copies) to members of the Management Board not less than 1 (one) day prior to expiration of the bulletins acceptance period given in the notice of absent voting.

7.7. A voting bulletin shall contain:

- full business name and location of the Company;

- wording of agenda items;

- voting options;

- date and time of expiration of bulletins acceptance period;

- address to which the filled in voting bulletins shall be sent;

7.8. A member of the Management Board shall leave uncrossed only one voting option (“for”, “against”, “abstain”). The filled in voting bulletin shall be signed by the member and contain his/her last name and initials.

7.9. A voting bulletin filled-in in contravention of the requirements of Article 7.8 hereof is recognized invalid and shall not be taken into consideration for quorum purposes and counting of votes.

7.10. Filled in and signed voting bulletins shall be delivered to the Secretary of the Management Board within the period specified in the voting bulletins or sent by fax with following delivery of the original voting bulletins at the address given in the voting bulletins.

Members of the Management Board whose voting bulletins are received prior to expiration of bulletins acceptance period are considered participated in the absent voting.

7.11. Presence of quorum in case of absent voting is determined on the basis of voting bulletins filled in and signed by members of the Management Board and received by the Company within the period specified in the notice of absent voting.

The Secretary of the Management Board shall summarize results of absent voting and prepare minutes in accordance with the procedure established by this Statute.

## **8. MINUTES OF A MEETING OF THE MANAGEMENT BOARD**

8.1. The Chairman and the Secretary of the Management Board shall prepare and sign minutes of a meeting (absent voting) of the Management Board within 2 (two) work days from the date of the meeting. The Chairman and the Secretary of the Management Board are responsible for accuracy of the minutes.

8.2. Minutes of a meeting of the Management Board shall contain:

- full business name and location of the Company;
- form of the meeting (collective presence or absent voting);
- place and date of the meeting (tally of votes);
- a list of members of the Management Board present at the meeting (participated in absent voting), and a list of invited persons;
- information about presence of quorum;
- agenda of the meeting;
- questions put to voting and voting results (with indication of names);
- summary of reports and speeches of the persons present in the meeting (in case of a meeting in presentia);
- resolutions adopted.

8.3. The Company shall keep minutes of meetings of the Management Board at the address of the executive body of the Company. The Chairman of the Management Board is responsible for safe custody of minutes.

## **9. CONTROL OVER EXECUTION OF RESOLUTIONS OF THE MANAGEMENT BOARD**

9.1. Resolutions adopted by the Management Board shall be communicated to members of the Management Board by way of delivery of a copy of the minutes within 3 (three) work days from the date of signing of the minutes.

9.2. Resolutions of the Management Board shall be communicated to executors by way of delivery of extracts from the minutes of the meetings of the Management Board bearing a signature of the Secretary and the Company seal.

9.3. The Secretary of the Management Board shall maintain control over execution of resolutions of the Management Board.

## **10. CONCLUDING PROVISIONS**

10.1. The Statute on Management Board shall be approved by the General meeting of shareholders of the Company.

10.2. The Statute can be amended and supplemented by the General meeting of shareholders of the Company.

10.3. In case any provision of this Statute comes into conflict with the laws and statutory acts of the Russian Federation due to changes in such laws and acts, such provision shall become invalid and the Management Board shall be regulated by the laws and statutory acts of the Russian Federation until the Statute is amended.